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ABSTRACT

Recent data point to a postsecondary education market in the midst of profound changes that are transforming the structure of the education and training industry itself. More high school graduates are enrolling in college upon completing high school. Enrollment in both two- and four-year institutions is increasing. Since 1969, part-time undergraduate enrollment has increased over 14 percent. College entrance examination scores show modest improvement. College freshman remedial coursework is most prevalent in math. About one-half of students enrolling in postsecondary education attain a credential or a degree within 5 years. The portion of full-time college students at two- and four-year institutions who work while enrolled full-time has increased. Average undergraduate tuition, room, and board is rising faster than median family income. Enrollment in all higher institutions continues to increase. Enrollment in undergraduate, graduate, and professional schools is increasing. Higher education enrollment is becoming more diverse. Lifelong learning is a reality. For many, noncredit courses, short courses, and conferences are more important than traditional credit classes as a source of continuing education. Barriers to taking more education and training are cost, busy schedules, and inconvenient times. Jobs in the future will require more education. Over 9 in 10 companies provide educational assistance to their employees. Other countries are beginning to close the gap in postsecondary education. (YLB)

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NATIONAL  ALLIANCE
OF BUSINESS

WORKFORCE ECONOMICS TRENDS

THE BUSINESS VOICE ON WORKFORCE DEVELOPMENT

Higher Education: The Changing Marketplace

In the new economy, education and training are critically important to business and individual success. Education is perceived as the best way to create a ladder of opportunity and to get ahead. The extent to which education and training contribute to success in the labor market and the payoff to companies who invest in education and training are well documented and supported by recent statistics.

Many argue that lifelong learning is essential for workers to successfully navigate the new world of work. Given the rapid pace of change occurring in the economy because of technological, work, and workplace changes, workers and employers must continually retrain and retool as the workplace and work skills change.

Because of these changes, post-secondary institutions are being challenged not only to educate and train recent high school graduates, but to also to respond the needs of those returning to school. These new customers present different demands for traditional post-secondary institutions in responding to their needs. At the same time, institutions such as corporate universities are emerging to fill some of these demands.

Recent data points to a post-secondary education market which is in the midst of profound changes. Many of the changes are subtle but when pieced together they begin to tell a story -- a story that is compelling and one that must be understood.

- Enrollment in higher education at all levels -- undergraduate, graduate, and professional schools -- has risen substantially over the past twenty-five years.
- Enrollment in post-secondary schools by recent high school graduates has also increased, with nearly two out of three recent graduates enrolled in post-secondary schooling in 1996.
- Market demographics are changing. Students are older, more are part-timers, working, and taking classes in different settings. Women now represent a majority of students. Nearly one in four persons currently enrolled full-time in an undergraduate program works more than 20 hours per week. Issues related to cost, access and convenience will become more important.
- Lifelong learning is a reality. More than eight out of ten persons surveyed think that additional education and training are important to their success in the workplace. Over three-fourths reported receiving work-related education and training from their employer.
- Teaching and learning in the traditional campus classroom are being challenged. Survey respondents report non-credit, short courses, and conferences as important avenues for retooling and refreshing their skills for both current and future careers. In addition, distance learning will become an important source for continuing their education.
- Companies continue to invest in employee education and training. More than nine out of ten companies provide employee education assistance. Over eight out of ten persons reported receiving job-related education and training from their employer in the last three years.

Education is important to individual and company success. Little attention has been focused on the impact and implications of these changes for the American education and training industry. Indeed, thinking of education and training as an industry is itself a new concept. Much has been written about how these changes will increase company and individual training investments and expand the aggregate demand for training and education. Another part of the story, which has not been widely discussed, is how these changes are transforming the structure of the education and training industry itself.

Workforce Economics Trends is a compilation prepared by the Alliance of research profiling our nation's current and future workforce. The information --- statistics, facts and demographics --- highlighted are intended to help advance efforts to build a quality workforce.

Alliance members receive *Workforce Economics Trends* six times per year, bimonthly. Further information and analysis about the state of the American workforce are provided through the Alliance's newsletters --- *Work America*, *Workforce Economics* and our faxed bulletin *Legislative Update*.

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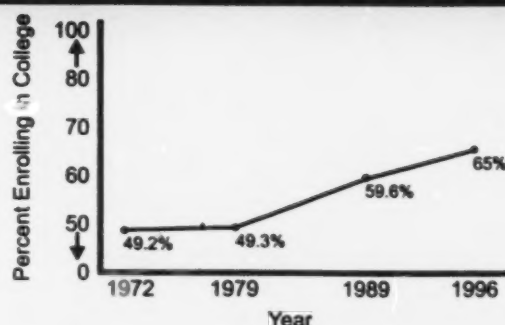
TO THE EDUCATIONAL RESOURCES
INFORMATION CENTER (ERIC)

More High School Graduates are Enrolling in College...

More high school graduates are enrolling in college upon completing high school. The proportion of recent high school graduates enrolling in college has increased significantly over the last 25 years, especially since the 1980's. In 1972, just under five in ten high school graduates enrolled in college the following fall. By 1996, nearly two in three recent high school graduates enrolled in college the following fall.

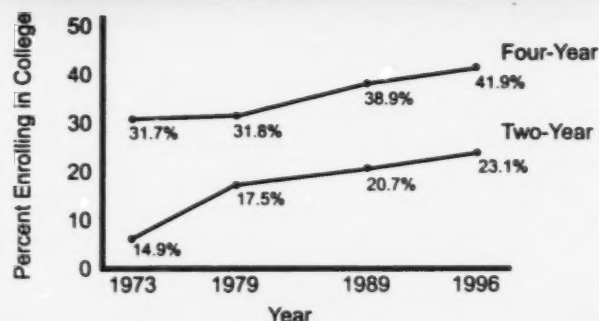
Source: U.S. Bureau of Labor Statistics

Proportion of high school students enrolling in college. Fall 1972-1996



Enrollment in Both Two-Year and Four-Year Institutions is Increasing...

Percent enrolled by type of institution



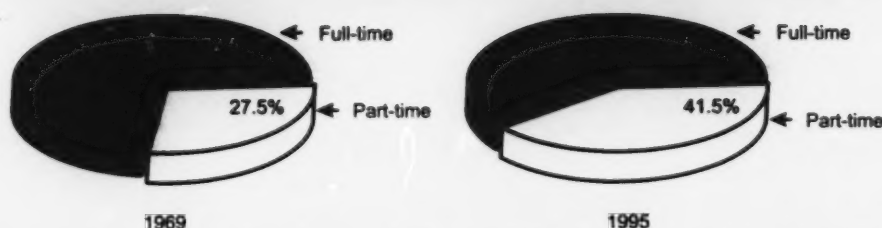
The proportion of recent high school graduates enrolling in both two-year and four-year institutions is increasing. Since 1973, the percent of recent high school graduates enrolling in two-year institutions increased by over 8 percentage points while the percent of recent high school graduates enrolling in four-year institutions increased by over 10 percentage points.

Source: U.S. Bureau of Labor Statistics

Part-time Undergraduate Enrollment Increased Dramatically...

Over the last 25 years, the share of all undergraduate enrollment has changed dramatically. Since 1969, the share of all undergraduate enrollment that is part-time has increased over 14 percentage points. In 1969, nearly three in ten undergraduates were enrolled part-time; by 1995, over four in ten undergraduates were enrolled part-time.

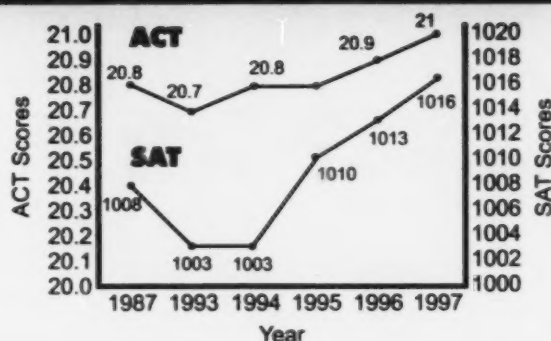
Undergraduate enrollment is becoming more part-time



Source: National Center for Educational Statistics, *Digest of Education Statistics 1996* and *Enrollment in Higher Education: Fall 1995*.

SAT and ACT Scores Show Modest Improvement...

College entrance exam scores show improvement



Over the last ten years, scores on the ACT and the SAT have increased slightly. From 1987 to 1997, combined SAT test scores increased 8 points while the ACT composite test scores rose by 0.2 points.

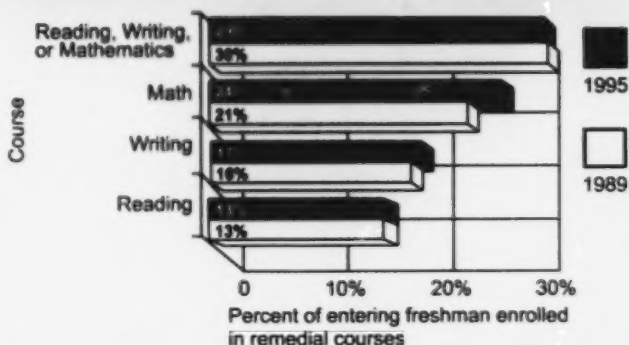
Source: College Board, ACT, and Statistical Abstract of the United States, 1996.

College Freshman Remedial Coursework is Most Prevalent in Mathematics...

About 3 out of every 10 entering freshman were enrolled in a reading, writing, or mathematics remedial course in the fall of 1995 and that percentage has changed little over the last 6 years. Remedial courses in math were taken by more freshman than remedial writing and reading courses in 1995. The portion of entering freshman taking a remedial course in math has jumped over the last 6 years while the portion of entering freshman taking remedial reading or writing course has remained stable.

Source: National Center for Educational Statistics, Remedial Education at Higher Education Institutions in Fall 1995.

College freshman students enrolled in remedial courses

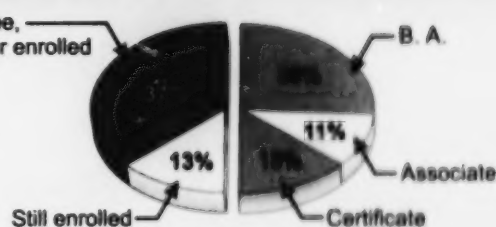


About One-half of Students Enrolling in Post-secondary Education Attain a Credential or a Degree...

About one-half of students who began their post-secondary education in 1989-90 attained some post-secondary credential within 5 years. About one-fourth obtained a bachelors degree while one-fourth earned either an associates degree or credential. Nearly four in ten students were no longer enrolled and just over one in ten were still enrolled.

Source: National Center for Educational Statistics, Post Secondary Persistence and Attainment July 1997.

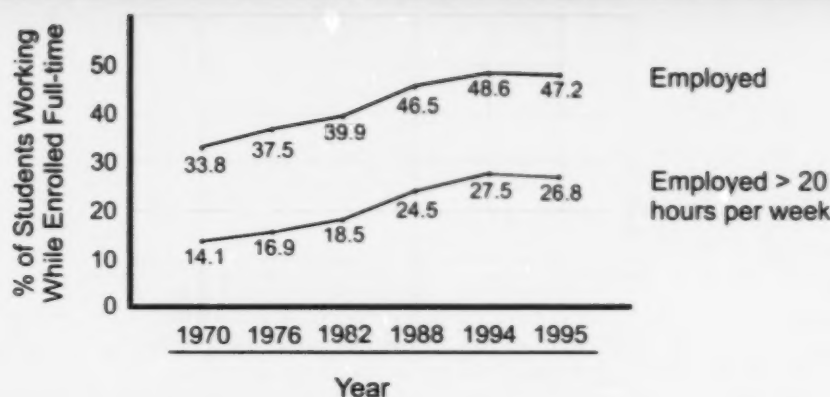
Students beginning post-secondary school in 1989-90 and outcomes as of Spring 1994



Number of Full-time College Students Working Has Increased ...

The portion of full-time college students at 2 and 4 year institutions working while enrolled full-time has increased between 1970 and 1995. In 1970, about one in three full-time college students were working while enrolled, while nearly one-half of full-time college students were working while enrolled in 1995. Nearly one in four full-time college students now work more than twenty hours or more per week.

The number of full-time college students working has increased

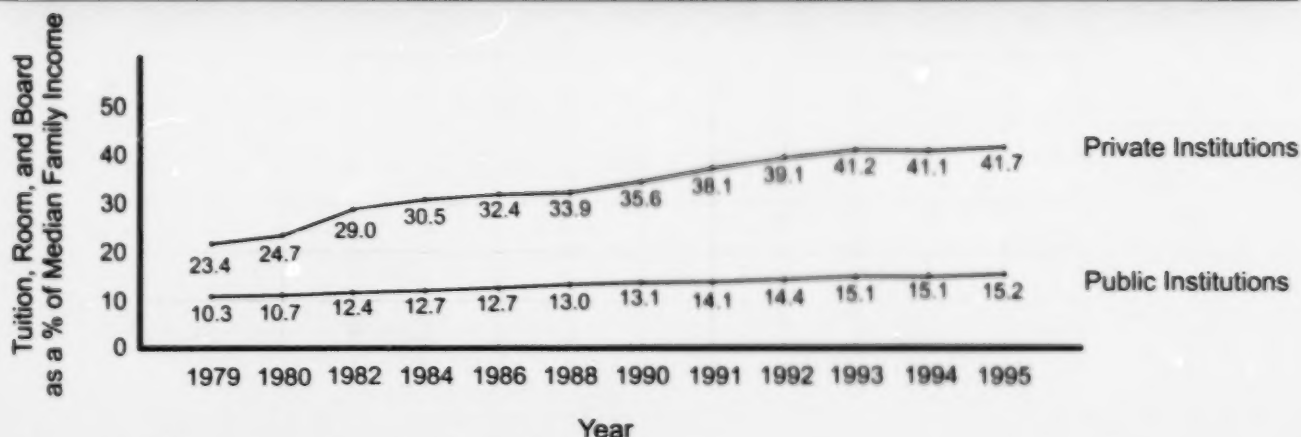


Source: National Center for Education Statistics, *The Condition of Education 1997*.

Cost of College Attendance is Growing Faster Than Family Income...

Average undergraduate tuition, room, and board is rising faster than median family income. Since 1979, tuition, room, and board at public institutions increased from 10 to 15 percent of median family income. In contrast, tuition, room, and board at private institutions rose from 23 percent to nearly 42 percent of median family income between 1979 and 1995.

Undergraduate tuition, room, and board is rising faster than median family income

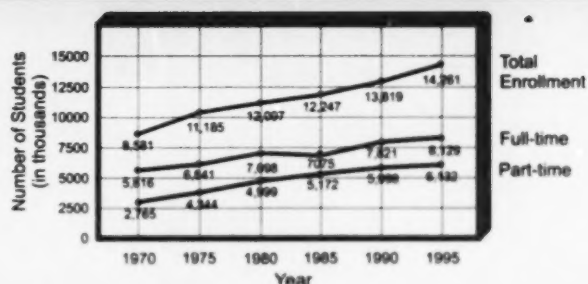


Source: National Center for Education Statistics, *The Condition of Education 1997*.

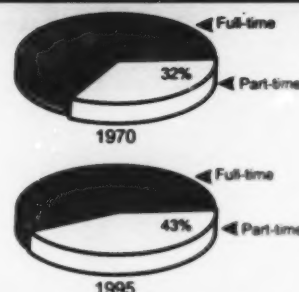
Enrollment in Higher Education Continues to Increase...

Enrollment in all higher institutions continues to increase. Between 1970 and 1995, total enrollment in higher education institutions increased by 66 percent. However, most of the growth in enrollment reflects a dramatic increase in part-time enrollment compared to full-time enrollment over the last 25 years. Part-time enrollment has increased three times faster than full-time enrollment.

Total fall enrollment in higher education institutions



Full to Part-time enrollment ratios

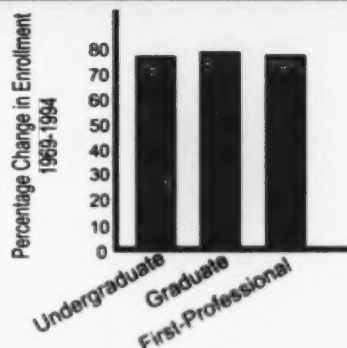


Source: National Center for Educational Statistics, *Digest of Education Statistics 1996* and *Enrollment in Higher Education: Fall 1995*.

Enrollment in Undergraduate, Graduate, and Professional Schools is Increasing...

Between 1969 and 1994, enrollment at all three levels of post-secondary education has substantially increased. Interestingly, the percentage change in enrollment at all three levels has been remarkably similar.

Percentage change of enrollment in post-secondary education

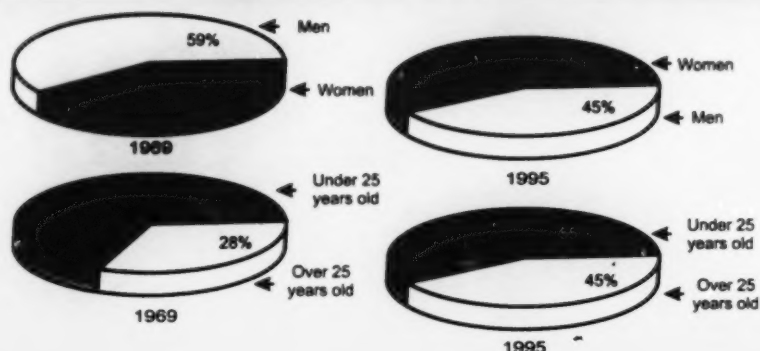


Source: National Center for Education Statistics, *Digest of Education Statistics 1996*.

Higher Education Enrollment is Becoming More Diverse...

Between 1970 and 1994, the composition of the enrollment in higher education has changed dramatically. In 1969, women represented about 41% of all enrollment in higher education and women represented 55% of all enrollment by 1995. At the same time, the share of all enrollment represented by persons over the age of 25 increased dramatically. In 1969, less than three out of ten students enrolled in higher education were over the age of 25, while in 1994, over four in ten students enrolled in higher education were 25 years or older.

Higher education enrollment is becoming more diverse

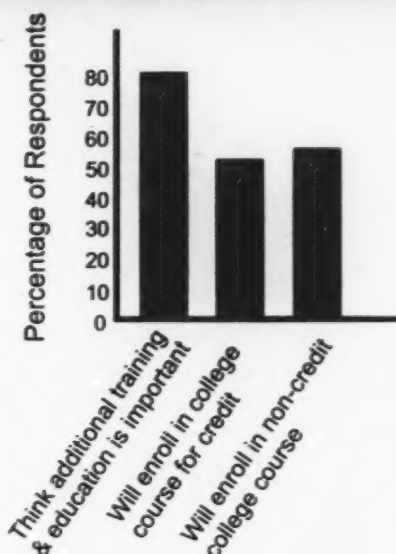


Source: National Center for Educational Statistics, *Digest of Education Statistics 1996* and *Enrollment in Higher Education: Fall 1995*.

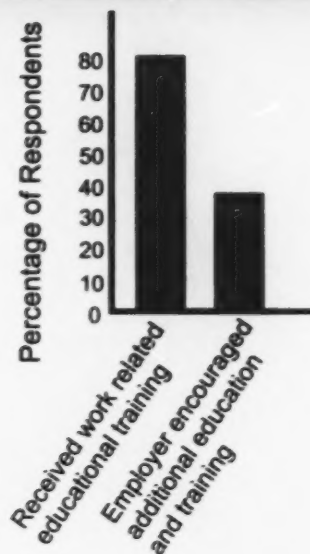
Lifelong Learning is a Reality...

According to a recent survey by the Social & Economic Sciences Research Center at Washington State University, lifelong learning is a reality. Eight out of ten persons surveyed think that education and training is important for them to be successful in the workplace and nearly equal numbers are planning to enroll in either a credit or non-credit college course in the future. Over three-fourths of those surveyed reported receiving job-related education or training from their employer within the last three years. Four in ten respondents reported that their employer encouraged them to continue their education and training.

Importance of additional education or training



Employers support of additional training

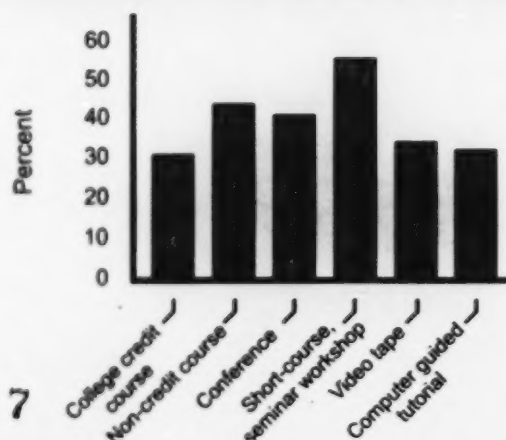


Source: Social and Economics Sciences Research Center, Washington State University. *What the Public Wants from Higher Education*, 1995.

Traditional Campus-based Education is Being Challenged...

For many people, non-credit, short courses, and conferences are more important than traditional credit classes as a source of continuing education. Less than one in three persons surveyed reported that they received work-related training in a college level credit course. More than 4 in ten reported receiving work-related training in a non-credit course, a short course, or a conference. And, over 30 percent reported receiving work-related training via a computer-guided tutorial or on video tape.

Where employees get training

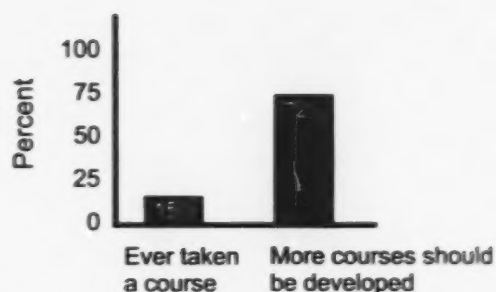


Source: Social & Economic Sciences Research Center, Washington State University. *What the Public Wants from Higher Education*, 1995.

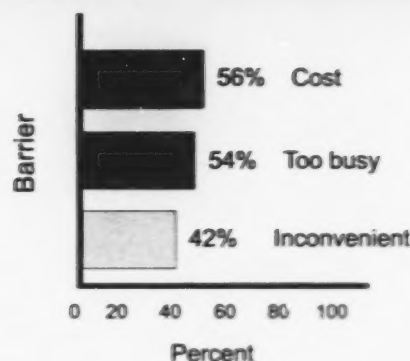
Barriers to Taking More Education and Training ...

A recent survey by the Social & Economic Sciences Research Center at Washington State University asked about barriers to getting more education and training. Nearly 6 in ten respondents reported that cost or busy schedules are an important barrier for them in taking more courses. And, over 4 in ten respondents reported that courses were not available when convenient. Moreover, while only 15 percent report ever taking a course involving distance learning, more than 70 percent of the respondents think more courses using distance learning should be developed.

Use of distance learning



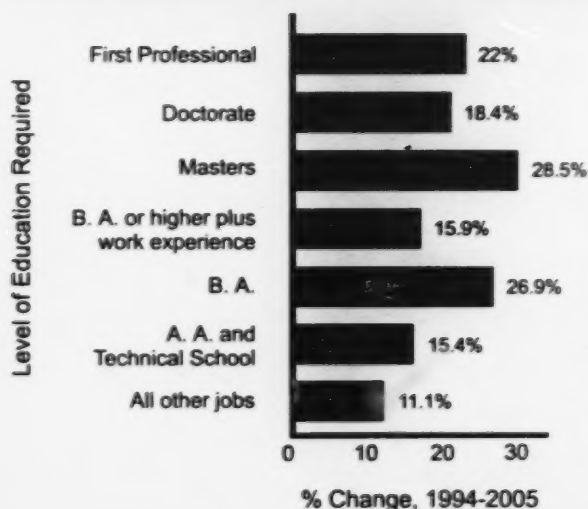
Barriers to taking more education and training



Source: Social & Economic Sciences Research Center, Washington State University. *What the Public Wants from Higher Education* 1995.

Jobs in the Future Will Require More Education ...

Jobs in the future will require more education



Jobs requiring an associate degree or higher are projected to grow faster than the overall rate of job growth. While jobs requiring an associate degree or higher represent less than 30 percent of all jobs in 1994, they will account for nearly 45 percent of all jobs expected to be created between 1994 and 2005. However, a recent study by John Bishop suggests BLS projections may actually underestimate future education requirements. Bishop estimates that 60 percent of the job growth between 1990 and 2005 will occur in occupations requiring more education and training.

Source: U.S. Bureau of Labor Statistics, *Employment Outlook 1994-2005* and John H. Bishop, "Is the Market for College Graduates Headed for a Bust? Demand and Supply Responses to Rising College Wage Premiums," *New England Economic Review*, May/June 1996.

Companies are Providing Financial Assistance for Employees to Continue Education...

Over nine in ten companies provide educational assistance to their employees. Over 60 percent of the companies take advantage of the Internal Revenue Code section 127 benefits in providing education assistance to their employees. Of those providing employee education assistance, a similar percentage provide assistance for job-related courses only, while another 38 percent provide assistance that is either job or non-job related.

Companies are providing financial assistance for employees

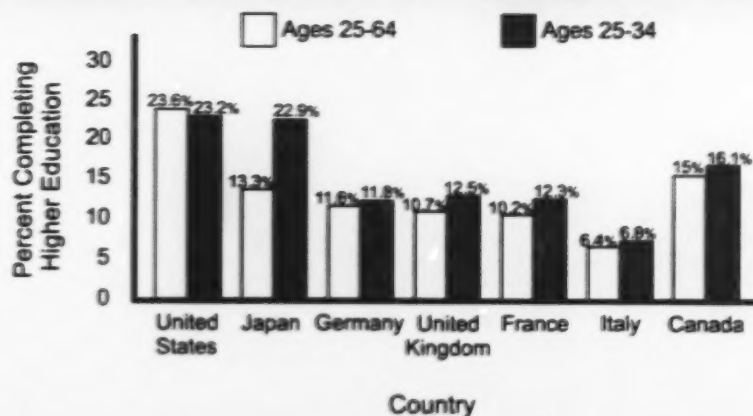


Source: International Foundation of Employee Benefits Plans, 1995 survey.

Other Countries are Beginning to Close the Gap in Post-secondary Education...

While most G-7 countries lag behind the United States in post-secondary attainment, the college completion rate among younger adults is beginning to close. While the college completion rates for those between the ages of 25-64 and 25-34 are similar in the United States, the rates of college completion for younger adults is higher than for the population between 25 and 64 years old in other countries.

Completion of higher education by age: 1992



Source: National Center for Educational Statistics, *Education and The Economy*, 1997.